# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:4498
ANSWERED ON:23.12.2005
ROLE OF NABARD IN RRBS
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**Will the Minister of FINANCE be pleased to state:**

(a) the role of the National Bank for Agricultural and Rural Development (NABARD) in the Regional Rural Banks (RRBs) ;

(b) whether the RRBs are given loans at lower rate by the NABARD,

(c) if so, the details thereof, State-wise; and

(d) the efforts being made by the Government for simplifying lpans of RRBs and sufficient availability of funds ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIS.S. FALANIMANICKAM)

(a): The Role of National Bank for Agriculture and Rural Development (NABARD) has been defined under various Sections of Regional Rural Banks Act, 1976. As per the Provisions of RRB Act, 1976,consultation with NABARD is necessary lf the matters such as location of Head Office of Regional Rural Banks (RRBs), increase or reduction in Authorized/lssued Capital, appointment, termination and salary/ allowances of Chairmen of RRBs, Amalgamation of RRBs and powers to frame Rules and Regulations. Besides this,. as a matter of practice, NABARD exercises supervisory and developmental role in relation to RRBs.

(b) and (c): NABARD provides refinance Assistance at uniform rates of interest to eligible banks including RRBs.The rate of interest charged by NABARD depends upon the size and purpose of loans.

(d): NABARD issued necessary guidelines to RRBs in June 2004 for doubling the flow of credit to agriculture sector in the next three years as also for extending relief to farmers in distress/arrears by way of rescheduling/restructuring their loans, relaxing NPA norms, fixation of realistic range of scale of finance and providing for One-Time Settlement (OTS) Scheme for small and marginal farmers, with a view to enabling disbursement of fresh loans to the farmers. Besides this, the introduction of Kisan Credit Cards (KCCs) and financing of agriculturists and other target groups through self-help Groups are some of the other measures recently introduced to streamline / simplify rural credit delivery.